

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING A RESOURCE MANGEMENT
AGREEMENT WITH THE ENERGY AUTHORITY, INC.; AND
FOR OTHER PURPOSES.**

WHEREAS, the North Little Rock Electric Department ("NLRED") manages the city-owned electric utility system for the City of North Little Rock ("the City"), providing electric service to areas in North Little Rock, Sherwood and surrounding areas within Pulaski County, Arkansas; and

WHEREAS, in January of 2007, NLRED customers experienced a sharp increase in electric rates due to a dramatic increase in the cost of a single contract providing substantially all of NLRED's wholesale electricity; and

WHEREAS, following the rate increase the City took actions to acquire additional power sources in order to diversify electricity resources and reduce future price spikes, such as:

- Entering a purchase power agreement in 2007 with Waste Management, Inc. to buy all power produced at their Two Pines landfill gas generator;
- Acquiring a 60MW interest in Plum Point Energy Station (a coal-fired generator in Osceola, Arkansas) in 2010 to meet NLRED's baseload power requirements; and

WHEREAS, on October 12, 2009 with the adoption of Ordinance No. 8206, the City Council approved an Integrated Resource Plan ("IRP"), a planning guide for future transmission, power supply, demand management and conservation programs for customers served by NLRED, with the plan calling for NLRED to diversify its power supply beginning January 1, 2014, and also requiring the development and adherence to a Risk Management Policy; and

WHEREAS, on January 25, 2010, the City Council approved Ordinance No. 8228 establishing Risk Management Consultant as a professional service under state law; and

WHEREAS, after the adoption of Ordinance No. 8228 and the proper procurement process, the City contracted with The Energy Authority, Inc. ("TEA") to establish an Energy Risk Management Policy and better control fluctuations in the cost of wholesale power; and

WHEREAS, TEA is an entity that was created, and is controlled, by public power entities for the benefit of public power entities; and

WHEREAS, in December of 2013, NLRED became a part of the Midcontinent Independent System Operator, Inc. ("MISO") market which provided greater flexibility in the procurement of wholesale power contracts; and

WHEREAS, the City Council recently adopted Ordinance No. 8771 approving changes to the Energy Risk Management Policy in order to improve NLRED's ability to manage the cost of power; and

WHEREAS, in 2014, NLRED staff issued requests for wholesale power trading services and evaluated these responses over an extended period of time; and

WHEREAS, NLRED staff has determined that the TEA is the most qualified and best suited entity to provide wholesale power trading services to NLRED.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH LITTLE ROCK, ARKANSAS:

SECTION 1: That the Mayor and City Clerk are hereby authorized to execute a RESOURCE MANAGEMENT AGREEMENT with The Energy Authority, Inc., in substantially similar form and content as the document attached hereto as Exhibit A, and to execute any and all documents that may be deemed necessary or advisable to effectuate the agreement.

SECTION 2: Funding for the agreement described in Section 1 will be included as a cost of power in the annual operating budget of the NLRED.

SECTION 3: That this Resolution shall be in full force and effect from and after its passage and approval.

PASSED:

APPROVED:

Mayor Joe A. Smith

SPONSOR:

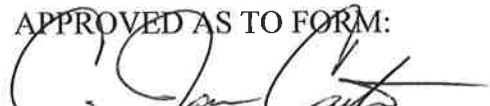
ATTEST:



Mayor Joe A. Smith

Diane Whitbey, City Clerk

APPROVED AS TO FORM:



C. Jason Carter, City Attorney

PREPARED BY THE OFFICE OF THE CITY ATTORNEY

FILED	11:43	A.M.	_____	P.M.
By	City Atty Jason Carter			
DATE	11/17/15			
Diane Whitbey, City Clerk and Collector North Little Rock, Arkansas				
RECEIVED BY	DWH			

**RESOURCE MANAGEMENT AGREEMENT
BETWEEN
THE ENERGY AUTHORITY, INC.
AND
NORTH LITTLE ROCK ELECTRIC DEPARTMENT
OF NORTH LITTLE ROCK, AR**



INDEX OF SECTIONS

	Page
1. Recitals	1
2. Scope of Work	1
3. Term and Effective Date	1
4. Termination	1
5. Compensation	2
6. Relationship of the Parties	3
7. Indemnification	7
8. Limitation of Liability	7
9. Notices	8
10. Entire Agreement.....	8
11. Proprietary Interest.....	8
12. Exhibits	8
13. Governing Law.....	8
14. Compliance with Law	9
15. Authorization.....	9
16. Standard of Care.....	9
17. Successors and Assignment.....	9
18. Amendment	9
19. Counterparts	10
20. Severability	10
21. Waiver	10
22. Further Assurances.....	10
23. No Third Party Beneficiaries	10
24. No Provision of Legal Services by TEA	10
25. Billing and Payment.....	10
26. Resettlement	11
27. Audit Rights.....	11
28. Force Majeure Event	12

INDEX OF SECTIONS
(continued)

	Page
29. Recording.....	12
30. Default.....	13
31. Mediation and Dispute Resolution	14
32. Certain Representations.....	15
33. Confidentiality.....	15

EXHIBITS and ATTACHMENTS:

Task Order 1 – Bilateral Trading Services, Portfolio Management Services and
Regulatory Services

Exhibit A – Definitions

Exhibit B – NLR Resources

Exhibit C- NLR Banking, Notices, and Contract Administrator Information

Exhibit D- TEA Banking, Notices, and Contract Administrator Information

This RESOURCE MANAGEMENT AGREEMENT (this “Agreement”), dated this ____ day of November, 2015 (the “Effective Date”), is made and entered into by and between **The Energy Authority, Inc.** (“TEA”), a Georgia non-profit corporation, located at 301 W. Bay Street, Jacksonville, FL 32202, and **North Little Rock Electric Department of North Little Rock, Arkansas**, (“NLR”), a municipal corporation, located at 120 Main Street, North Little Rock, Arkansas 72114. TEA and NLR are sometimes referred to herein individually as a “Party,” or collectively as the “Parties.”

1. **Recitals**

WHEREAS, NLR owns and operates an electric system; and

WHEREAS, NLR, is seeking assistance with certain tasks pursuant to this Agreement; and

WHEREAS, TEA wishes to assist NLR in managing such tasks subject to the terms and conditions set forth in this Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

2. **Scope of Work**

Pursuant to the provisions of this Agreement, TEA shall provide the services to NLR as described in task orders (“Task Order”) as executed by the Parties from time to time during the term of this Agreement. Each Task Order by this reference is incorporated as part of this Agreement. The services provided pursuant to such Task Orders may be referred to by the Parties as the “Scope of Work.” Attached hereto is “Task Order 1,” which is the first such Task Order.

3. **Term and Effective Date**

3.1 This Agreement will become effective on the date written in the first paragraph of this Agreement (the “Effective Date”) and will remain in effect until terminated as provided herein. Notwithstanding the aforementioned date, the commencement of services under this Agreement will not be prior to the date this Agreement is executed by both Parties.

3.2 The provision of services shall commence as provided for in the Task Orders.

4. **Termination**

Either Party may terminate this Agreement by providing a minimum of 180 days’ advance written notice to the other Party (the “Termination Notice Period”); provided that the termination date shall be selected to be the same date as a MISO commercial model change. However, notwithstanding the other provisions in this section, including the requirement to terminate this Agreement on the same date as a commercial model change, no Party shall be required to continue in this Agreement for more than 270 days after providing written notice of termination to the other Party.

- 4.1 During the Termination Notice Period, NLR shall continue to make payment to TEA for the services provided consistent with the payment provisions set forth herein. During the Termination Notice Period, TEA shall perform its services in a manner reasonably calculated to effect such termination in an orderly manner and to protect the interests of the Parties consistent with the terms of this Agreement.
- 4.2 Individual Task Orders may have shorter terms and different termination provisions than the Agreement. Termination of this Agreement will serve to terminate any Task Order hereunder.
- 4.3 The Parties' rights to terminate this Agreement provided in this Section 4 are in addition to the Parties' rights to terminate this Agreement as provided in Section 30 hereof.
- 4.4 In the event transactions were entered into by TEA on behalf of NLR utilizing TEA's trading agreements that extend beyond the specified termination date of this Agreement, TEA and NLR will continue to operate under the terms of this Agreement with regard to such transactions until such time as the transactions terminate or are fully settled. Nothing in this Agreement will prevent TEA and NLR from agreeing to settle any such transaction prior to the normal settlement date of the transaction. Obligations between the Parties to pay for transactions or other services effected or rendered hereunder shall remain in force notwithstanding the termination of this Agreement.

5. Compensation

5.1 Professional Services.

The basis for and amount of compensation due TEA for the services (the "Compensation") will be as stated in each Task Order.

5.2 Expenses.

NLR shall reimburse TEA for reasonable out-of-pocket expenses incurred or accrued by TEA in connection with the Scope of Work unless otherwise agreed to in writing in accordance with a Task Order. Out-of-pocket expenses include, but are not limited to, travel, business meals and other usual and customary business expenses. Subject to NLR's pre-approval of such expenses, NLR shall also reimburse TEA for special or unusual expenses incurred by TEA in connection with TEA's performance of services. TEA agrees to manage all expenses in a prudent manner and will provide NLR with a reasonable accounting for all monthly out-of-pocket expenses upon written request.

5.3 Taxes and Fees

Notwithstanding any terms or provisions in this Agreement or the Scope of Work to the contrary, NLR shall be responsible for and shall reimburse TEA for any license, fees, or taxes, including without limitation, sales, use, property, excise, value added and gross receipts levied on the services or Trading Products (as defined herein) provided under this Agreement, except taxes based on TEA's net income.

6. **Relationship of the Parties**

6.1 Independent Contractor

TEA shall perform the Scope of Work as an independent contractor and shall not be treated as an employee of NLR for federal, state or local tax purposes, workers' compensation purposes, or any other purpose. The Parties acknowledge and agree that nothing contained in this Agreement will be deemed to create or constitute an employer-employee relationship, a partnership, or a joint venture between the Parties.

6.2 Contract Administrators.

NLR and TEA shall each appoint a contract administrator who will be responsible for administering this Agreement (the "Contract Administrator"). The Contract Administrator for NLR and TEA will be identified in exhibits to this Agreement. Either Party may change its respective Contract Administrator or other contact and notice information by giving advance written notice to the other Party, consistent with the terms of Section 9 of this Agreement.

6.3 Cooperation of Parties.

NLR shall cooperate with TEA in effecting the Scope of Work and shall make authorized personnel of NLR available to TEA on reasonable notice and at reasonable times to assist in accomplishing the Scope of Work.

6.4 Non-Exclusive Relationship.

6.4.1 NLR hereby expressly acknowledges that part of the value of the services to be provided by TEA comes from TEA providing the same or similar services as contemplated under this Agreement to other entities. NLR acknowledges that the expertise and business plan of TEA requires that it be able to represent multiple parties and that the services rendered thereby are and may be beneficial to NLR.

6.4.2 Notwithstanding the nature of the Scope of Work, NLR specifically acknowledges that TEA is not precluded from representing or performing similar or related services for, or being employed by, other persons, companies or organizations.

6.4.3 NLR further acknowledges that TEA, from time-to-time, has established, or may establish, contractual relationships with users of power resources or natural gas, and generators or producers of such power resources or natural gas. Notwithstanding the existence of such contractual relationships, NLR desires the assistance of TEA as provided in this Agreement. NLR specifically represents to TEA that the existence of such contractual relationships does not in and of itself create a conflict of interest unacceptable to NLR.

6.4.4 The Parties specifically recognize and accept that there may be purchases and sales of power, natural gas, and financial instruments between and among TEA

clients, including NLR, and that such transactions are the normal course of business in providing the services and that such transactions do not create any conflict of interest for TEA in carrying out its obligations pursuant to this Agreement.

- 6.4.5 NLR shall not, during the term of this Agreement, (i) enter into any agreement or arrangement with any other entity for services that would be provided during the term of this Agreement which are identical to the Scope of Work provided by TEA under this Agreement or (ii) make any sales or purchases of electric capacity or energy, or ancillary services at wholesale, for a term of one year or less and with delivery dates within the next two years, except through TEA.

6.5 Allocation of Trading Products.

- 6.5.1 NLR recognizes that from time to time the Trading Products (as defined herein) that TEA purchases or sells for NLR and other entities may require allocation of amounts available among all such entities including NLR. Decisions by TEA to transact Client's Trading Products in the market will be made on a non-discriminatory basis and will be based on the same methods and procedures used to purchase or sell Trading Products on behalf of TEA's other clients that hold agreements similar to this Agreement.

6.6 Provision of Trading Services – TEA as agent

Unless otherwise agreed to by the Parties, TEA shall provide trading services pursuant to this Agreement by trading as agent for Client utilizing trading agreements between Client and its counterparties.

6.7 Provision of Trading Services – TEA as principal in the transaction

- 6.7.1 As mutually agreed to by the Parties, TEA shall provide trading services on behalf of Client with TEA acting as principal in the transaction utilizing trading agreements between TEA and its counterparties (referred to herein as TEA "trading as principal"), including, but not limited to, transacting as principal in the transaction with third parties for electricity products or with a Regional Transmission Organization ("RTO"). In the event that TEA is providing trading services by trading as principal, then TEA shall provide such trading services on behalf of NLR utilizing TEA's trading agreements for electric power, RTO services, and associated transmission, transportation and other related or ancillary services ("Trading Products") between TEA and its counterparties. In performing such trading services, TEA will, on the terms and subject to the conditions set forth in this Agreement, be entitled to enter into matching purchase or sale transactions with NLR and third party transaction counterparties ("Transaction Counterparties") under which TEA may purchase Trading Products from NLR for resale to one or more Transaction Counterparties, or may purchase Trading Products from one or more Transaction Counterparties for resale to NLR (any such transaction with a Transaction Counterparty, a "Matching Transaction").

- 6.7.2 Unless otherwise mutually agreed to by the Parties, any Trading Products purchase or sale transaction between TEA and NLR under a Matching Transaction will (i) be on the same terms and conditions (except for billing and payment, which will be pursuant to this Agreement) as the terms and conditions of the applicable Matching Transaction between TEA and the applicable Transaction Counterparty; (ii) in the event that TEA purchases Trading Products on behalf of NLR in a Matching Transaction, TEA shall resell such Trading Products to NLR at the same price as TEA paid for such Trading Products, and NLR shall pay TEA the amount payable by TEA to the Transaction Counterparty and the amounts payable to any third parties related to the purchase of Trading Products from the Transaction Counterparty and resell to NLR, including, but not limited to, transmission service charges, transmission loss payment costs, RTO fees and assessments, and the like, incurred by TEA (iii) in the event that TEA purchases Trading Products from NLR for purposes of resale to a Transaction Counterparty under a Matching Transaction, TEA shall pay to NLR the amount paid by the Transaction Counterparty to TEA less the amounts payable to any third parties related to the purchase of Trading Products from the NLR and resale to the Transaction Counterparty, including, but not limited to, transmission service costs, transmission loss payment costs, Regional Transmission Organization fees and assessments, and the like, incurred by TEA.
- 6.7.3 Notwithstanding any other provision of this Section 6 to the contrary, if the Transaction Counterparty to a Matching Transaction is another TEA client for which TEA is providing trading services, the price of the transaction will be set at market.
- 6.7.4 Notwithstanding any terms of this Agreement or the Scope of Work, nothing contained in this Agreement or the Scope of Work hereto will be construed as requiring TEA to execute any transaction as principal in the transaction where such transaction or traded commodity or instrument is regulated under regulations promulgated pursuant to the "Dodd-Frank Wall Street Reform and Consumer Protection Act." (Pub.L. 111-203).
- 6.7.5 NLR may be requested by TEA to provide credit enhancement to support NLR-specific transactions executed by TEA as principle in the transaction. NLR may, in its sole and exclusive discretion, decline to provide credit enhancement and in which case TEA will offer to execute the transactions as NLR's agent making NLR principal to the transaction directly between NLR and the counterparty and with the counterparty relying on NLR's credit. In the event that NLR declines such a request for credit enhancement and TEA is unable to execute the transaction as agent as described in this section, then TEA shall have no obligation to proceed with the transaction in regard to which the enhancement was requested.
- 6.7.6 If NLR's credit in use approaches NLR's credit limit as set by TEA, TEA will notify NLR as soon as practicable to discuss alternatives and possible remedies to replenish NLR's available credit. Although TEA shall be under no obligation to

permit NLR's credit in use to exceed its credit limit established by TEA, if NLR's credit in use does exceed the credit limit established for NLR by TEA, TEA will notify NLR as soon as practicable and TEA and NLR will cooperate to put remedies in place to reduce NLR's credit in use to a level below NLR's credit limit and/or NLR will provide credit support acceptable to TEA. However, if the above efforts are not successful and notwithstanding any billing or payment terms in this Agreement or any Task Order to the contrary, TEA, in its sole discretion, may tender invoices as frequently as daily and to demand payment (and prepayment) from NLR as reflected in such statements as promptly as it deems appropriate so long as such accelerated schedule is prompted, in TEA's sole judgment, by market conditions or credit concerns. If NLR fails to pay any amounts due TEA in accordance with the accelerated schedule, the payments will be deemed overdue, and interest will accrue on any unpaid amounts as provided herein.

- 6.7.7 TEA shall not be liable to NLR for the failure of any counterparty, including but not limited to any Transaction Counterparty (i.e. when TEA is trading on Client's behalf as principal in the transaction), to pay or perform on its obligations. In the event of such failure by a Transaction Counterparty, TEA shall pursue any action against such defaulting entity at the direction of NLR, upon being provided with indemnity therefor satisfactory to TEA in its sole discretion, at NLR's sole cost and expense.
- 6.7.8 Under no circumstances will TEA be liable to NLR for the failure of an RTO to pay, or for assessments made by the RTO for any of the RTO's market participants' failure to pay or perform, related to transactions with the RTO performed on NLR's behalf by TEA as principal in the transaction (i.e. TEA acting as Market Participant on NLR's behalf).
- 6.7.9 If NLR interrupts a financially firm sale transaction without the contractual right to do so, TEA shall use reasonable efforts to purchase replacement capacity and energy in the wholesale market place and deliver it to the original purchaser. NLR shall receive any resulting gain or be responsible for any resulting loss on the transaction.
- 6.7.10 If NLR interrupts a financially firm purchase transaction without the contractual right to do so, TEA shall use reasonable efforts to sell the purchased capacity and energy in the wholesale market place. NLR shall receive any resulting gain or be responsible for any resulting loss on the transaction.
- 6.7.11 At NLR's request, TEA will make available for inspection by NLR a list of TEA trading counterparties. NLR may disapprove in writing any such counterparty for future Matching Transactions associated with NLR; provided however, that the terms of this section 6.7.11 will not apply to any Regional Transmission Organization/Independent System Operator or transmission provider with which TEA is obligated to conduct business for NLR under the terms of this Agreement.

7. Indemnification

- 7.1 Subject to the limitations contained in Section 8 hereof, TEA and NLR, to the extent permitted by applicable law, agree to indemnify, hold harmless and defend the other Party and its respective officers, directors, members, subsidiaries, affiliates, partners, and employees from any and all liabilities, claims, actions, legal proceedings, demands, damages, losses, penalties, forfeitures and suits, and all costs and expenses incident thereto (including, but not limited to, costs of defense, settlements and reasonable attorneys' fees), which the other Party may hereafter incur, become responsible for, or pay out as a result of the death or bodily injury to any person or the destruction or damage to any tangible property caused in whole or in part by any negligent or wrongful act or omission of the indemnifying Party, its employees, officers, directors, members, subsidiaries, affiliates, partners, agents or subcontractors in the performance of this Agreement. Neither Party shall be required to indemnify the other Party for liabilities, claims, suits, actions, legal proceedings, demands, damages, penalties, forfeitures and suits, and all costs and expenses incident thereto (including, but not limited to, costs of defense, settlements and reasonable attorneys' fees), caused by the negligence or wrongful act or omission of the other Party.
- 7.2 Notwithstanding the foregoing provisions of Section 7, if either Party is prevented by operation of applicable law or otherwise from obligating itself in any way described in Section 7 above, then the same limitation will be made applicable to the other Party hereto, all to the end that the obligations of the one to the other with respect to the matters mentioned in Section 7 will be identical.

8. Limitation of Liability

- 8.1 TEA shall not be liable to NLR for errors made in the provision of the services unless such errors are the result of gross negligence or willful misconduct on the part of TEA.
- 8.2 The cumulative maximum amount of TEA's liability, if any, arising from any and all claims, lawsuits, actions, other legal proceedings by NLR or any other person or entity arising out of or in connection with TEA's performance or nonperformance hereunder, whether based upon contract, warranty, tort, strict liability, or any other theory of liability, will be no more than the Compensation collected by TEA from NLR for services hereunder (exclusive of payments made for expenses) during the six months prior to the occurrence of the event leading to the claim. If TEA should be liable to NLR pursuant to the provisions of this Section 8, payments shall be effected by offsetting monthly amounts due from NLR to TEA as set forth in the provisions relating to compensation in the Scope of Work. If TEA terminates this Agreement during the period in which its liability payments to NLR are being offset against monthly amounts due from NLR to TEA, TEA shall be obligated to pay any remaining liability payments upon the effective date of such termination.
- 8.3 Neither NLR nor TEA shall be liable to the other Party for any indirect, consequential, incidental, special or punitive damages, of any kind or nature whatsoever, including but not limited to lost profits or revenues, lost records or data, lost savings, loss of use of a facility or equipment, or loss by reason of increased cost or expense; provided, however,

that the foregoing will not limit the enforceability of any provisions in any trading agreement that may apply to transactions between NLR and TEA. The provisions of this Section 8 take precedence over any conflicting provision of this Agreement, any Task Order, or any document incorporated into or referenced by this Agreement or any Task Order.

- 8.4 TEA makes no warranties whatsoever, express or implied, regarding the services or performance thereof, including but not limited to any warranty of fitness for a particular purpose.

9. Notices

Any notices, requests, demands or other communications required or permitted to be given pursuant to this Agreement will be in writing and will be deemed to have been duly given if (i) delivered by hand, (ii) mailed by registered or certified mail, postage prepaid, or sent by a reputable overnight carrier such as FedEx, (iii) sent by facsimile, or (iv) sent by e-mail and addressed to the Contract Administrator for the Parties at their addresses included in exhibits to this Agreement, or such changed addresses as may be forwarded to the other Party, consistent with the terms of this Section 9. In addition to the other methods described in this section, operational instructions and transaction orders and approvals may be documented via recorded telephone or internet based instant messaging services (e.g. AOL Instant Messenger®).

10. Entire Agreement

This Agreement supersedes any and all prior or contemporaneous proposals and agreements, whether written or oral, between the Parties hereto with respect to the subject matter of this Agreement. Each Party to this Agreement acknowledges that no representations, inducements, promises or agreements, oral or otherwise, have been made with respect to the subject matter of this Agreement that are not embodied in this Agreement, including any exhibits or schedules attached hereto.

11. Proprietary Interest

TEA shall retain sole ownership of any patent, copyright, trade secret, trademark, or service mark that TEA has developed or acquired in providing the services under this Agreement. NLR acknowledges and agrees that TEA shall be the sole owner of any intellectual property rights developed by TEA under this Agreement and that NLR is not receiving any license to use any of those intellectual property rights. TEA shall have the right to use, license and receive royalties or fees for the use of any of the intellectual property rights developed by TEA under this Agreement.

12. Exhibits

All exhibits and Task Orders attached to this Agreement are a part hereof as if set out in full herein. If there exists any conflict between the terms of the main body of this Agreement and any Task Order or attachment hereto, the terms of the main body of this Agreement will control.

13. Governing Law

This Agreement will be subject to and construed under the laws of the State of Florida without resort to its conflicts of laws principles.

14. Compliance with Law

Notwithstanding any other provision of this Agreement, TEA and NLR shall at all times during the term of this Agreement comply with all applicable laws, regulations, orders and decrees of governmental authorities with jurisdiction.

15. Authorization

The Parties hereby warrant that the persons executing this Agreement are authorized to execute and obligate the respective Parties to perform under this Agreement in accordance with its terms.

16. Standard of Care

The standard of care applicable to provision of the services will be that of "Prudent Utility Practice." Prudent Utility Practice means any of the practices, methods and acts engaged in or approved by a significant portion of the public electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to produce the desired result at the lowest cost consistent with good business practices, reliability, safety and expedition. Prudent Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a range of acceptable practices, methods or acts. Nothing in this Agreement will be construed to create any duty to or any standard of care with reference to any person not a party to this Agreement. TEA shall incur no liability to NLR with respect to anything which it may do or refrain from doing in the reasonable exercise of its judgment or which may seem to be necessary or commercially reasonable under the circumstances.

17. Successors and Assignment

17.1 Unless otherwise provided in the Scope of Work, neither Party shall assign this Agreement to any person or entity without the written consent of the other Party, such consent not to be unreasonably withheld, conditioned, or delayed.

17.2 Nothing contained in this Section 17 will be construed to prevent the Parties from making a collateral assignment of the revenues due under the terms of this Agreement. No assignment, merger or consolidation will relieve any Party of any obligation under this Agreement.

17.3 Subject to the foregoing restrictions in this Section 17, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective permitted successors and permitted assigns.

18. Amendment

This Agreement and any Task Order or exhibit incorporated herein may be amended only by an instrument in writing signed by the Parties.

19. **Counterparts**

This Agreement may be executed by the Parties in one or more counterparts, each of which, when executed and delivered will be an original, but all of which will constitute one and the same instrument.

20. **Severability**

If any provision of this Agreement will be deemed invalid or unenforceable in any respect for any reason, the validity of any such provision in any other respect and of the remaining provisions of this Agreement will not be in any way impaired.

21. **Waiver**

A provision of this Agreement may be waived only by a written instrument executed by the Party waiving compliance. No waiver of any provision of this Agreement will constitute a waiver of any other provision, whether or not similar, nor will any waiver constitute a continuing waiver. Failure to enforce any provision of this Agreement will not operate as a waiver of such provision or any other provision.

22. **Further Assurances**

From time to time, each of the Parties shall execute, acknowledge and deliver any instruments or documents necessary to carry out the purposes of this Agreement.

23. **No Third Party Beneficiaries**

Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties, any right or remedy of any nature whatsoever.

24. **No Provision of Legal Services by TEA**

NLR acknowledges that, with respect to the services rendered or to be rendered by TEA under this Agreement: (i) TEA is not authorized to give legal advice and (ii) TEA does not intend to give and has not given NLR legal advice. NLR represents to TEA that NLR (i) has obtained and will obtain legal advice from NLR's own legal counsel regarding the legal aspects of any advice given or services performed by TEA under this Agreement and (ii) has not relied and will not rely on TEA for the giving of legal advice. NLR hereby waives and releases any claim that NLR may now or hereafter have that NLR has relied, directly or indirectly, on any advice given by TEA, or to be given by TEA, in connection with this Agreement as being in the nature of legal advice, and further waives and releases any claim for damages resulting therefrom.

25. **Billing and Payment**

25.1 Billing and payment terms will be as provided in each Task Order. Payments will be made by Automated Clearing House (ACH) transfer or wire transfer in United States Dollars. Each Party's banking information is provided in exhibits to this Agreement and a Party's account information may be amended by providing the other Party written notice.

25.2 Payments owed pursuant to this Agreement and not received when due will be considered overdue. Interest will accrue on any unpaid amounts as of the day after the due date at a

rate equal to the prime interest rate as established by the Federal Reserve Board plus 300 basis points (the "Interest Rate").

- 25.3 In the event that any portion of an invoice related to a Matching Transaction is in dispute, then the dispute shall be governed by the dispute provisions of the market rules or contracts governing the specific transaction with the Transaction Counterparty.
- 25.4 In the event that any portion of an invoice for TEA's Compensation is in dispute, the undisputed amount shall be paid when due and payment may be withheld on the disputed amount. NLR shall notify TEA immediately of the reason for the dispute and the Parties shall cooperate to resolve the dispute. If either Party, after payment is made, discovers an error that is discernible from the terms of the invoice, the disputing Party has the right to dispute the error within ninety (90) days from the date of invoice or within ninety (90) days from termination of this Agreement, whichever comes first. Upon determination of the correct billing amount, if the disputed amount is found owing to the other Party, it shall promptly be paid to the other Party after such determination. For disputed amounts or billing errors that are discovered through the exercise of the audit rights pursuant to this Agreement, the other Party must receive written protest within one year from the date of the invoice.

26. Resettlement

- 26.1 From time-to-time transactions that may have otherwise been fully completed and settled may be required to be resettled due to market rules (often in the case of RTO markets) or order of a court, regulatory authority, or other entity with jurisdiction to order such. If such resettlement related to any transaction performed by TEA on behalf of NLR results in a refund to TEA from a third party, TEA shall pay to NLR any such refund received by TEA. If such resettlement related to any transaction performed by TEA on behalf of NLR results in a TEA owing any amount to a third party, NLR shall pay to TEA any such amount owed by TEA. This provision will survive the termination of this Agreement

27. Audit Rights

During the term of this Agreement and for one year following the effective date of termination, each Party may audit the other Party's books and records for the most recently past twelve month period for the sole purpose of verifying the calculation of payments made or received, including the calculation of pricing or Compensation due pursuant to this Agreement; provided that neither Party may conduct more than one such audit during any consecutive six-month period; and further provided that the Parties' audit rights under this Section 27 will not extend the period of any audit rights identified in a Task Order. Furthermore, following termination of this Agreement, neither Party may conduct more than one such audit during the one-year period referred to above. Any such audit will be conducted at the audited Party's offices during its normal business hours, at the auditing Party's own expense. Copies of audit reports will be provided to the non-auditing Party upon such Party's payment of copying and delivery costs. If, following such audit, the Parties agree that any billing or payment in the previous year was incorrect, or it is otherwise found that such be the case, a corrected bill or payment will be prepared and a corrected billing submitted as provided for in Section 25. Any

such payments will include applicable interest at the Interest Rate, accrued as of each payment's original Due Date.

Each Party shall maintain the confidentiality of the other Party's accounting records and supporting documents in compliance with Section 33 herein and shall use them only for the purpose of confirming the accuracy of billings and payments under this Agreement. In the event such information is required to be disclosed in a legal or regulatory proceeding, or otherwise required to be disclosed by law, the affected Party shall notify the other Party at the time of the request so that the affected Party may seek at its own expense to preserve the confidentiality of the information.

28. Force Majeure Event

28.1 For purposes of this Agreement, "Force Majeure Event" means an event that prevents the claiming Party from performing any of its obligations under or in connection with this Agreement, that is not within the reasonable control of, or the result of the negligence of, the claiming Party, and that by the exercise of due diligence the claiming Party is unable to avoid, cause to be avoided, or overcome. Force Majeure Events may include, but are not restricted to: acts of God; acts of the public enemy, war, blockades, insurrections, civil disturbances and riots, and epidemics; landslides, lightning, earthquakes, firestorms, hurricanes, tornadoes, floods, washouts, and extreme weather conditions; fire, explosion, breakage, freezing or accidents; strikes, lock-outs or other industrial disturbances or labor disputes; labor or material shortage; sabotage; and order or restraint by governmental authority (so long as the claiming Party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such order or restraint).

28.2 Except as otherwise provided in this Section 28, neither Party to this Agreement shall be considered to be in default in performance of any obligation hereunder if failure of performance shall be due to a Force Majeure Event. A Party shall not, however, be relieved of liability for failure of performance if such failure is due to events arising out of removable or remediable events which it fails to remove or remedy with reasonable dispatch. Any Party rendered unable to fulfill any obligation by reason of a Force Majeure Event shall exercise due diligence to remove such inability with all reasonable dispatch. Nothing contained herein, however, will be construed to require a Party to prevent or settle a strike or labor disagreement against its will. Notwithstanding the provisions of this Section 28, payment of liquidated damages or penalties due to nonperformance under the terms and conditions of transactions entered into on NLR's behalf will not be excused because of a Force Majeure Event.

28.3 If the claim of Force Majeure Event is in respect to any Matching Transaction or Trading Product, the force majeure provisions of the TEA trading agreement under which such Matching Transaction or Trading Product is provided will govern such claim.

29. Recording.

29.1 Unless a Party expressly objects to a Recording (defined below) at the beginning of a telephone conversation, each Party (i) consents to the monitoring of, and creation of a tape or electronic recording ("Recording") of, all telephone conversations between the

Parties to this Agreement, (ii) agrees that any such Recordings will be retained in confidence, secured from improper access, and (iii) acknowledges that such Recordings may be submitted in evidence in any proceeding or action relating to this Agreement. Each Party waives any further notice of such monitoring or recording, and agrees to notify its officers, employees, and agents of such monitoring or recording and to obtain any necessary consent of such officers, employees, and agents. The Recording, and the terms and conditions of a transaction discussed by the Parties in such Recording, if admissible, will be the controlling evidence of the Parties' agreement with respect to a particular transaction between the Parties in the event a confirmation is not fully executed (or deemed accepted) by both Parties. Upon full execution (or deemed acceptance) of a confirmation, such confirmation will control in the event of any conflict with the terms of a Recording.

30. Default.

30.1 Each of the following will constitute an "Event of Default" under this Agreement:

30.1.1 the failure to make, when due, any payment required pursuant to this Agreement if such failure is not remedied within three business days after written notice;

30.1.2 any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;

30.1.3 the failure to perform any material covenant or obligation set forth in this Agreement if such failure is not remedied within three business days after written notice; or

30.1.4 a Party becomes Bankrupt. For purposes of this Agreement, "Bankrupt" means with respect to either Party, the Party (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

30.2 Upon delivery of written notice by one (1) Party to the other that an Event of Default has occurred, the defaulting Party shall have three (3) business days from receipt of such notice to cure such Event of Default. The failure or inability of such Party to cure such Event of Default will constitute a default; and if the default is not caused by a Force Majeure Event as described in Section 28 hereof, the non-defaulting Party may immediately terminate this Agreement. Both Parties shall continue to make payments then due or becoming due with respect to performance or payment obligations which arose prior to the date of termination.

31. Mediation and Dispute Resolution

- 31.1 Except as otherwise provided herein, the Parties shall act in good faith to first seek resolution of any dispute arising hereunder through negotiation between the operating personnel of each Party. If the dispute cannot be settled through such negotiations within a period ending no longer than thirty (30) days of the date on which one Party notifies the other in writing of a dispute, the chief executive officers (or their designees who shall be empowered with the same authority as the chief executive officers to settle such dispute) of each Party will personally and in good faith seek to resolve the dispute through negotiation one with the other for a period ending no longer than ten (10) days after the end of the 30-day period described above before resorting to any other dispute resolution procedure.
- 31.2 After the expiration of the periods described in Section 31.1, either Party may submit any disputes arising under this Agreement, which cannot be resolved by the Parties, to mediation. Conducting and participating in mediation is a condition precedent to the institution by either Party of any arbitration or litigation. Such mediation shall be conducted as follows:
- 31.2.1 The Parties shall select a single mediator with at least ten (10) years of professional experience in connection with similar commercial transactions and who has not previously been employed or retained by either Party and who does not have a direct or indirect interest in either Party or the subject matter of the mediation. Such mediation will either be mutually agreed by the Parties within thirty (30) days after written notice from either Party requesting mediation, or failing agreement, either Party may petition any Court with jurisdiction over the controversy and located in Duval County, Florida in even numbered years and in Pulaski County, Arkansas in odd numbered years to appoint such a mediator. Should any controversy arise which does not fall within the jurisdiction of the designated Court, then either Party may petition any Court with jurisdiction over the controversy to appoint such a mediator.
- 31.2.2 The mediation will be held at a time and place to be determined by the mediator.
- 31.2.3 The mediation will be conducted according to the following procedures: (i) each Party shall divide equally the cost of the mediator and each Party shall be responsible for its own expenses and those of its counsel and representatives; and (ii) the details of any negotiation or offer of settlement made during the mediation process and the cost to the Parties of their representatives and counsel will not be admissible as evidence in any subsequent arbitration or litigation.
- 31.2.4 Any arbitration or litigation will only be initiated after the completion of mediation, including the mediator declaring an impasse to the mediation proceeding. If the both Parties agree to conduct arbitration, then the Commercial Arbitration Rules of the American Arbitration Association (the "Rules") shall apply to such arbitration.

31.3 Notwithstanding anything to the contrary contained herein, the Parties expressly agree that the following will apply and control over any other provision in this Section 31:

31.3.1 The Parties may, by written agreement signed by both Parties, modify any time deadline, location(s) for meeting(s), or other dispute resolution procedures set forth in this Section 31 or in the Rules.

31.3.2 If arbitration is conducted by the Parties, the decision of the arbitrator will be final and binding on the Parties, enforceable in any court with jurisdiction.

31.3.3 Time is of the essence for purposes of the provisions of this Section 31.

32. **Certain Representations**

32.1 NLR represents that (i) one of the principal governmental purposes of NLR is to provide reliable electric service to its customers on the most favorable basis that such service can be provided and the transactions that TEA will engage in for NLR are directly analogous to transactions that NLR has directly engaged in (or could engage in) and will be performed instead by TEA to increase efficiency, reduce costs, and provide other benefits to enable NLR to better serve its customers; and (ii) NLR is either not subject to federal income tax or its income is exempt under Section 115 of the Internal Revenue Code.

32.2 Each Party represents and warrants to the other Party that it is and will remain duly organized, validly existing, and in good standing under the laws of the state of its organization throughout the term of this Agreement, and that the execution, delivery and performance of this Agreement are within its express or implied statutory powers, have been duly authorized by all necessary action, and do not violate any of the terms or conditions in its governing documents or applicable laws.

33. **Confidentiality**

The Parties acknowledge that certain information and materials exchanged during the term of this Agreement contain proprietary and confidential information ("Confidential Information") of the disclosing Party. Confidential Information will include, but not be limited to any information disclosed in written form and clearly marked "Confidential." The receiving Party agrees that such Confidential Information will be held confidential, to the extent permitted by law, under the same safeguards as it treats its own confidential information and that it will not use, copy or disclose the Confidential Information other than for the sole purpose of supporting or performing the services in connection with this Agreement. The Confidential Information may be disclosed to officers, directors, employees, agents, representatives or consultants (who shall agree to be bound by the terms of this Section 33) of the receiving Party on a need to know basis and shall not be disclosed to any such third party without first having obtained the written permission of the disclosing Party. Confidential Information will specifically exclude any information which the receiving Party can show (i) was known to or was independently developed by the receiving Party without access to or use of the Confidential Information of the disclosing Party, (ii) was disclosed to the receiving Party in good faith by a third party who had the right to make such disclosure, (iii) was made public by the disclosing Party, or was established to be part of the public domain other than as a consequence of a

breach of the Agreement by the receiving Party, or (iv) is independently developed by the receiving Party without use of the disclosing Party's Confidential Information as shown by documents and other competent evidence in the receiving Party's possession. If the receiving Party is requested or required by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand, regulatory proceeding or similar legal or regulatory process to disclose any Confidential Information supplied to the receiving Party by the disclosing Party, the receiving Party shall provide the disclosing Party with prompt notice of such request(s) so that the disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the terms of this Agreement. However, disclosure pursuant to a legal order or statutory obligation will not constitute a breach of this Section 33.

* * * * *

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in their respective names by their respective duly authorized representatives as of the date written in the first paragraph of this Agreement.

**NORTH LITTLE ROCK ELECTRIC
DEPARTMENT OF NORTH LITTLE ROCK, AR**

By: _____
Name: _____
Its: _____

THE ENERGY AUTHORITY, INC.

By: _____
Name: Joanie C. Teofilo
Its: President and CEO

Task Order 1

Bilateral Trading Services, Portfolio Management Services and Regulatory Reporting Services

This Task Order 1 (“Task Order”) is made part of the Resource Management Agreement between The Energy Authority, Inc. (“TEA”) and North Little Rock Electric Department of North Little Rock, Arkansas (“NLR”), dated November __, 2015, (the “Agreement”), and is subject to all the terms and conditions of the Agreement. TEA and NLR are sometimes referred to herein individually as a “Party,” or collectively as the “Parties.”

The Scope of Work provided in this Task Order is divided into four sections. Section A addresses services provided by TEA to execute and manage Bilateral Transactions with counterparties. Section B addresses Portfolio Management Services, and Section C addresses Regulatory Reporting Services.

I. Scope of Work

Section A - Electricity Bilateral Trading

A.1 SUMMARY OF ELECTRICITY BILATERAL TRADING SERVICES

Subject to the terms of the Agreement, including Section 6.7, and the terms of Section A of this Task Order, and unless otherwise agreed to by the Parties, TEA shall provide bilateral trading services as principal in the transaction for Bilateral Transactions in electricity products for physical delivery with terms of one year or less, and with delivery dates within the next two years. Execution of any other transaction by TEA pursuant to this Section B of this Task Order not in conformance with the terms of this paragraph shall be as agent unless otherwise agreed to by the Parties.

Execution of any financially settled transaction by TEA, either as agent or as principal in the transaction, for NLR’s account shall be only as agreed to by the Parties.

Bilateral Trading Services

Bilateral trading services include market price discovery for up to three years into the future; negotiating and executing Bilateral Transactions; and scheduling services, including arranging required transmission service for Bilateral Transactions executed by TEA and creation of NERC e-tags as necessary. TEA shall provide a transaction summary that includes the details of each Bilateral Transaction.

Transaction Pricing

Unless otherwise mutually agreed to by the Parties, the pricing of electricity Trading Products pursuant to Section B of this Task Order shall be pursuant to Section 6.7 of the Agreement.

A.2 SETTLEMENT, BILLING AND PAYMENTS, BILATERAL TRANSACTIONS EXECUTED BY TEA AS PRINCIPAL IN THE TRANSACTION

On or before the fifth business day of each month, TEA shall provide NLR with a statement of the immediately preceding month's activities and settlement due pursuant to this Section B of this Task Order and any other obligations incurred pursuant to this Section B of this Task Order during the monthly billing period, including any related penalty, interest, payments, or credits.

If an amount is due NLR, TEA will remit this amount to NLR by the 25th of each month in immediately available funds.

If an amount is due TEA, NLR will remit this amount to TEA by the 15th of each month in immediately available funds.

Notwithstanding the above provisions of this section, billing and payment provisions for Trading Products are dependent upon the market rules or contracts governing the specific transactions. If said billing and payment provisions require earlier payments than the provisions of this Section B.2, then billing and payment shall be in accordance with the earlier payment provisions of such contracts or market rules.

A.3 SETTLEMENT, BILLING AND PAYMENTS, TRANSACTIONS EXECUTED BY TEA AS AGENT

For transactions executed by TEA as agent for NLR, TEA shall (i) provide confirmation, (ii) invoice reconciliation with counterparties, (iii) provide information of amounts owed by or due to NLR, and (iv) provide other information in TEA's possession obtained in the due course of providing trading services as agent to the extent reasonably necessary for NLR to prepare or reconcile invoices with its counterparties. TEA shall not be responsible for invoicing counterparties or making payments to counterparties in connection with transactions executed by TEA as agent for NLR.

A.4 BILATERAL TRANSACTION TRACKING AND REPORTING

TEA shall enter Bilateral Transactions executed for NLR by TEA either as principal in the transaction, or as agent, into TEA's energy trading system of record for tracking and reporting purposes. TEA shall provide NLR with an open position report that provides transaction details and a mark-to-market of forward transactions (i.e., transactions for delivery beyond the prompt month) executed by TEA on NLR's behalf. Other reporting may be provided by TEA as mutually agreed to by the Parties. Customized reports may require a set-up fee and/or maintenance fee depending on the complexity of work involved in developing and producing the report.

Section B – Portfolio Management Services

Hedge Plan

NLR's Hedge Plan will be derived through interactive discussions with NLR staff to define hedging goals and objectives consistent with NLR's mission and charter. The Hedge Plan can be updated at any time as NLR's conditions, goals or objectives change.

Annual Budget Input

TEA will run an annual study coordinated with NLR's budget preparation. The annual study output will include hedging recommendations, projected power and gas prices, expected purchased energy expense, and system cost at risk analysis to assist NLR in setting budgets and ratemaking.

Monthly Portfolio Management Meeting

TEA will provide a monthly model update and presentation, to include discussion with NLR's Risk Management Committee ("RMC") on market fundamentals, current hedges/position, system cost metric, and further hedging recommendations. The TEA Client Services Manager and required team members will make a minimum of two trips per year to NLR for face-to-face Portfolio Management meetings. TEA will also look to coordinate additional on-site training or updates during the trips. The remaining monthly meetings will be held via teleconference.

Modeling

TEA will develop a stochastic model of NLR's system in order to quantify the effect of uncertainty in prices, load, three generation resources, purchased energy transactions, and other variables on NLR's system during a specified period of time (i.e., the study period). This effort will require NLR to provide system data to TEA of the type typically needed for production cost simulations. The data includes historic loads, generator characteristics, fuel costs, purchase power contract characteristics, rate information and other data. It will not be necessary for NLR to develop stochastic parameters. TEA will develop those parameters as needed for the simulations.

Once developed, the model provides a framework to evaluate strategies to manage risk. Once the model is producing satisfactory simulation of current NLR operations, TEA will produce a base case study. The study period will be for up to two years with the start of the period no more than one year in the future. The model will be reviewed and updated monthly, and serve as input to the monthly Portfolio Management meeting with NLR's RMC.

Base Case

The base case study is an evaluation of NLR's portfolio as it is currently configured and operated in the MISO Market. The base case will include stress testing to assess the effect of severe low probability occurrences on NLR's system. The base case study will identify and quantify the inherent risks in NLR's current operating decisions and current positions. The study will assess the performance of each component of the portfolio. The base case study will serve as a risk program baseline to which alternatives will be compared.

Transaction Analysis

TEA's best estimates of forward market prices are used when transactions are initially modeled in the risk strategy development phase. It is not unusual for forward prices at the time of transaction execution to be different from the prices used in the study, or for other system or market conditions to have changed significantly. In these situations, TEA will reanalyze individual forward transactions using actual negotiated prices if they are significantly different from the estimated prices used in the original study and updated system and market conditions to reconfirm the transaction will still meet the original objectives.

TEA's stochastic risk model may also be used for new transaction opportunities that occur that were not included in the original study. For example NLR may have a need to purchase a block of energy to cover the loss of a resource that was not previously explicitly modeled. This transaction could be modeled to examine the risk and reward trade off to support the execution decision for the transaction.

Long Term Load Forecast

TEA shall provide a Long Term Load Forecast for NLR's load point in MISO for a period of up to five years in the future. The Long Term Load Forecast will be updated once a year.

Mark-to-Market

TEA will provide its standard mark-to-market reporting for NLR's forward transactions. The reports would be available through the TEA secure web portal.

Model Maintenance

TEA will maintain the NLR model and routinely update market variables used by the model (such as the forward price curve). Significant NLR system modifications such as generating unit planned outages will be modified as needed for model runs.

FTR Analysis

NLR may be allocated Financial Transmission Rights (FTRs) on an annual basis. TEA will provide an analysis of potential FTR values and provide a recommendation as to which FTRs NLR should nominate and/or accept, given NLR's objectives for utilizing FTRs. TEA will perform an FTR analysis using NLR's generation CPnode and load CPnode pairs.

Financial Transmission Rights ("FTR") and Auction Revenue Rights ("ARR")

NLR will submit portfolio data to TEA within the timelines prescribed by the TEA RTO Operating Procedures. TEA shall tabulate NLR provided information and register the NLR portfolio for the MISO ARR allocation. TEA shall review and validate MISO entitlements for network, point-to-point, and Grand-Fathered Agreement entitlements. In consultation with NLR, TEA shall manage the multi-stage MISO ARR nomination and allocation process for Candidate Auction Revenue Rights, including requests for new Resource points. TEA shall bid on MISO FTRs as authorized by NLR. TEA shall input and track NLR owned FTRs through its deal capture systems and provide FTR valuations to NLR.

TEA will provide monthly ARR/FTR recommendations for all TEA proposed hedges and NLR supply resources. Recommendations will cover the annual, seasonal, and monthly MISO auctions. TEA will utilize various software packages, currently including PROMOD and Dayzer, to make these recommendations. TEA evaluates many software options for its analysis, and may add to or remove products as commercially available tools change.

Section C - Regulatory Reporting

RRO Reporting

From time-to-time, TEA as a Purchasing and Selling Entity, or NLR as a Load Serving Entity may be required to submit information to Regional Reliability Organizations related to audits or other inquiries. The Parties shall cooperate with each other and provide to each other any information acquired and maintained related to the services provided pursuant to this Agreement as necessary to comply with such audit or inquiry. This provision does not require any other actions by either Party related to such an audit or inquiry of the other Party.

CFTC Reporting

As of the Effective Date of this Agreement, the Parties understand that transactions in MISO market instruments or transactions in physically-settled electricity instruments, as both are anticipated under this Agreement, do not require reporting under regulations currently promulgated by the CFTC. In the event of changes in law or regulation that require reporting of such transactions, NLR and TEA shall enter into good faith negotiations to agree to the scope of such reporting and any related fee adjustment.

FERC Reporting

The FERC requires Electricity Quarterly Reporting (“EQR”) of sales for resale from entities meeting certain thresholds. As of the Effective Date of this Agreement, the Parties understand that NLR does not meet the threshold and therefore, its sales for resale are not required to be reported. In the event of NLR meeting such threshold or due to changes in law or regulation that require reporting of such transactions, and NLR desires TEA to report such transactions on NLR’s behalf, then NLR and TEA shall enter into good faith negotiations to agree to the scope of such reporting and any related fee adjustment.

II. Compensation for Services Described in this Task Order

Except where additional charges may apply as noted in the Task Order, and subject to the escalation provisions in the paragraph below, TEA shall provide the Services in accordance with this Task Order under the following schedule:

Payment for Section A – Electricity Bilateral Trading, Section B – Portfolio Management Services, and Section C – Regulatory Reporting

NLR shall pay TEA a fee in the amount of Twenty-one Thousand, Six Hundred Seventy-Four Dollars (\$21,674.00) per month for Sections A, BC, and C Services (hereinafter, the “Trading and Management Services Monthly Fee”), which include Electricity Bilateral Trading, Portfolio Management Services, and Regulatory Reporting beginning on December 1, 2015. The Trading and Management Services Monthly Fee due to TEA will be first invoiced for the month of December 2015, to coincide with the work which TEA will perform for such services beginning December 1, 2015. TEA shall invoice NLR on a monthly basis for the Trading and Management Services Monthly Fee as more particularly described in the *Invoice and Payment Terms* section listed below.

Service Fee Escalation for Section A, B, and C Services

Commencing on the first day of December 2016, and each December first thereafter, during the term of the Agreement and Task Order, TEA's fees for the Trading and Management Services Monthly Fee will escalate at the greater of (i) four percent (4%) or (ii) the percentage increase in the U.S. Consumer Price Index (CPI-U, not seasonally adjusted, U.S. City average, all items) from January through December of the previous year

Invoice and Payment Terms

On or before the fifth business day of each month, TEA shall provide NLR with an invoice containing a description and total amount of the Monthly Fees owed to TEA for the immediate preceding month (the "Compensation"), including expense reimbursement, if any, due pursuant to this Task Order and such invoiced amount will be due and payable to TEA by NLR in immediately available funds no later than the 15th day of the month in which the invoice is received.

Effects of Significant Changes upon Pricing

The services and pricing are based on NLR's current portfolio of loads and resources listed in Exhibit A and current market design. Future Significant Changes to NLR's loads or resources, energy markets, or capacity markets may require adjustment to the scope and pricing as mutually agreed to by the Parties. Examples of Significant Changes to NLR's portfolio would include addition of Generation Resources or transactions not listed in Exhibit A that would require additional manpower or special handling on TEA's part, or market changes that result in additional software license fees, labor, or other added cost to TEA. NLR and TEA agree to work in good faith in the event Significant Changes occur and to determine an appropriate amendment to this Task Order, given the circumstances.

III. TEA Vendor and Systems

Within this Task Order, certain of TEA's systems, software, and vendors may be mentioned by name for clarity. TEA reserves the right to change its systems, software, vendors, or processes at any time, at its sole discretion.

IV. Term and Termination

This Task Order shall become effective on the date the Agreement becomes effective and may be terminated in accordance with the provisions of Section 4 of the Agreement.

V. Task Order Amendment

This Task Order may be amended by an instrument in writing signed by each Party's representative.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have caused this Task Order to be executed in their respective names by their respective duly authorized representatives.

**NORTH LITTLE ROCK ELECTRIC
DEPARTMENT OF NORTH LITTLE
ROCK, ARKANSAS**

THE ENERGY AUTHORITY, INC.

By: _____

Name: _____

Its: _____

By: _____

Name: Joanie C. Teofilo

Its: President and CEO